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Message Text

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13
ACTION AID-59

INFO OCT-01 AF-10 ISO-00 IGA-02 EB-11 L-03 CIAE-00 INR-11

NSAE-00 RSC-01 DRC-01 /099 W
---------- 055914
R 271445Z SEP 74
FM AMEMBASSY GABORONE
TO SECSTATE WASHDC 5860
INFO AMEMBASSY MBABANE
AMEMBASSY NAIROBI

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E.O. 11652: N/A
TAGS: EAID, EFIN, EINV, BC
SUBJECT: SHASHE PROJECT PROBLEMS

REF: GABORONE 1230, 1254

BEGIN UNCLASSIFIED

1. FIRST PUBLIC DISCUSSION OF PROBLEMS WITH THE SHASHE PROJECT WAS MADE IN SEPT 26 ISSUE OF BOTSWANA DAILY NEWS. THRUST OF ARTICLE WAS IN LINE WITH INFO REFTELS.

2. ARTICLE REPORTED THAT TOTAL FUNDS REQUIRED TO COMPLETE PHASE 1 OF THE PROJECT MAY BE MORE THAN 200 MILLION RAND AS COMPARED TO ESTIMATE OF 150 MILLION RAND IN MAY 1974 AND 107 MILLION RAND IN MAY 1972. MAJOR STOCKHOLDERS IN BRST ARE MAKING TEMPORARY LOANS TO COVER EXPENDITURES.

3. ARTICLE QUOTING AN "INTERIM REPORT" SAID THAT THE PROJECT HAD SUFFERED A LOW AND ERRATIC RATE OF PRODUCTION. SOME 1,420 TONS OF MATTE HAVE BEEN SHIPPED TO LOUISIANA BUT DIFFICULTIES HAVE BEEN EXPERIENCED IN GETTING MATERIAL OUT OF PORT OF LOURENCO MARQUES AND ALTERNATIVE PORTS HAVE NOT BEEN AVAILABLE.

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4. ACCORDING TO THE ARTICLE, A SPECIAL TEAM OF THREE SENIOR

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ENGINEERS IS A PIKWE AND WILL REMAIN THERE UNTIL NORMAL OPERATIONS CAN BE MAINTAINED. MAJOR TECHNICAL PROBLEMS ARE STILL ASSOCIATED WITH CONCENTRATE DRYING, TRANSPORT, AND STORAGE FACILITIES. ARTICLE QUOTED REPORT AS SAYING, "ALTHOUGH MODIFICATIONS HAVE BEEN DESIGNED, THE CURRENT ACUTE SHORTAGE OF ENGINEERING EQUIPMENT AND SUPPLIES IS DELAYING IMPLEMENTATION OF THESE CHANGES." END UNCLASSIFIED.

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5. COMMENT: ACCORDING TO A VISITING AMERICAN BANKING OFFICIAL, ONE OF THE MAJOR PROBLEMS IS THAT MAJOR SHAREHOLDERS HAVE BEEN MAKING LOANS AT 16 PERCENT INTEREST (FOUR PERCENT ABOVE PRIME) WHICH IS A SIGNIFICANT FACTOR IN THE NEGATIVE CASH FLOW. ACCORDING TO THE EXPERT, CAPITALIZATION OF INTEREST PAYMENTS, COMBINED WITH RESOLVING TECHNICAL PROBLEMS, WOULD REVERSE NEGATIVE CASH FLOW. IN HIS VIEW A TIMELY SOLUTION TO THE PROBLEM WAS IMPORTANT BECAUSE IT HAS A BEARING ON CONFIDENCE OF POTENTIAL INVESTORS. END LIMITED OFFICIAL USE.
BOLEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROGRAMS (PROJECTS), DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
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Disposition Remarks:
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Review Comment: n/a
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Review Event:
Review Exemptions: n/a
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